

# Criteria and Standards

## County Office of Education – Interim Reports

### CRITERIA

#### **FIRST TIER REVIEW**

### STANDARDS

**(Deviations from the Fund or Cash Balances standards trigger a second tier review – the 2<sup>nd</sup> Tier is in addition to all items in the 1<sup>st</sup> Tier)**

Fund and Cash Balances

A multiyear projection indicates that the fund balance at the end of this fiscal year and the two subsequent fiscal years will be positive and a cash flow analysis indicates that the cash balance will be positive at the end of this fiscal year.

Supplemental Information

Provide supplemental information as follows:

- Fund balance is not less than the sum of its components.
- Available reserves are not less than the following percentages or amounts as applied to total expenditures, transfers out and other uses:

<u>Standard</u> <sup>1</sup>	<u>Expenditures, Transfers Out, and Other Uses</u> <sup>2</sup>
The greater of 5% or \$50,000	Less than \$4,000,001
The greater of 4% or \$200,000	\$4,000,001 through \$9,999,999
The greater of 3% or \$400,000	\$10,000,000 through \$45,000,000
The greater of 2% or \$1,350,000	Over \$45,000,000

<sup>1</sup> Available reserves from the Juvenile Court/County Community Schools and Regional Occupational Centers/Programs may be included, up to applicable percentage of program expenditures. Funds designated as reserves for this purpose continue to be restricted for use only in those programs.

Expenditure thresholds to be adjusted annually by the prior year's revenue limit cost of living adjustment (*Education Code* Section 2557), rounded to the nearest thousand.

<sup>2</sup> An Administrative Unit of a Special Education Local Plan Area may exclude the distribution of revenues to its participating members.

Expenditure thresholds to be adjusted annually by the prior year's revenue limit cost of living adjustment (*Education Code* Section 2557), rounded to the nearest thousand.

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### **CRITERIA**

### **STANDARDS**

#### **FIRST TIER REVIEW**

Supplemental Information - (continued)

- Identify the status of employee salary and benefit negotiations.

If salary and benefit negotiations are not finalized, upon settlement with the certificated or classified staff:

- The county office must determine the cost of the settlement, including salaries, benefits, and any other agreements that change costs, and provide the California Department of Education with an analysis of the cost of the settlement and its impact on the operating budget. The county board of education must certify to the validity of the analysis.
- The California Department of Education shall review the analysis relative to the criteria and standards, and may provide written comments to the president of the county board and the county superintendent.
- Identify all significant multiyear commitments that have occurred since budget adoption and identify the resources used to service those commitments.
- Analyze the status of other funds that may have negative fund balances at the end of the fiscal year. If any other fund has a projected negative fund balance, prepare a complete financial statement for that fund.
- Identify projected contributions to restricted programs if there has been an increase or decrease of more than 5% from the budgeted contributions.
- Identify any known or contingent liabilities from financial or program audits, state compliance reviews, litigation, etc., that have occurred since budget adoption.

## **Criteria and Standards**

### **County Office of Education – Interim Reports**

#### **CRITERIA**

##### **SECOND TIER REVIEW**

#### **STANDARDS**

**(Deviations must be explained in writing)**

**NOTE: In addition to the items in the 1<sup>st</sup> Tier, the 2<sup>nd</sup> Tier includes:**

Average Daily Attendance	Projected ADA has not increased or decreased by more than 2% from the budgeted ADA.
Revenue Limit	Projected revenue limit has not increased or decreased by more than 2% from the budgeted revenue limit.
Other Revenue	Projected federal revenues have not increased or decreased by more than 5% from the budgeted revenues.  Projected other state revenues have not increased or decreased by more than 5% from the budgeted revenues.  Projected local revenues have not increased or decreased by more than 5% from the budgeted revenues.
Salaries and Benefits	Projected salaries and benefits have not increased by more than 2% from the budgeted salaries and benefits.
Other Operating Expenses	Projected expenditures for books and supplies, and services and other operating expenditures, have not increased or decreased by more than 5% from the budgeted expenditures.  Projected capital outlay and other outgo have not increased or decreased by more than 10% from the budgeted capital outlay and other outgo.
Other Sources and Uses	Projected other sources have not increased or decreased by more than 10% from the budgeted other sources.  Projected other uses have not increased or decreased by more than 10% from the budgeted other uses.